

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 458 – HB 739

April 2, 2013

**SUMMARY OF ORIGINAL BILL:** Authorizes any local government entity to purchase goods, equipment, and services under the same provisions of contracts or price agreements used by any other local government entity within the state. Deletes Tenn. Code Ann. § 12-3-1009 which authorizes counties to utilize pricing discounts from the National Association of Counties (NACo) Purchasing Alliance. Authorizes any local government entity to participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods, supplies, services, or equipment with one or more other governmental entities outside the state under certain circumstances. Revises deadlines for state and local government bid documents.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures – Exceeds \$5,000

**SUMMARY OF AMENDMENT (006120):** Adds new section to the original bill clarifying public transportation buses with a capacity exceeding twenty-two passengers are included in those items which a local governmental unit may purchase through a competitive reverse auction process.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department of General Services, the bill will not fiscally impact the Department.
- Pursuant to Tenn. Code Ann. § 12-3-1004(c)(1) and (2), local government entities are authorized to purchase goods and equipment under the same terms and prices initiated by any other local government entity within the state when the individual unit price does not exceed \$10,000.

- Pursuant to Tenn. Code Ann. § 12-3-1012(a)(3)(C), motor vehicles which are manufactured for a special purpose, including but not limited to, school buses, garbage truck, fire trucks, and ambulances are authorized for purchase by a local governmental unit through a competitive reverse auction process. The bill as amended would clarify this also includes public transportation buses with certain capacities.
- Allowing local governments to utilize contract terms and pricing agreements currently in place regardless of price will decrease the current amount time and money expended by local governments during the bidding and contracting process.
- Due to a number of unknown variables, including but not limited to, how many local government entities would utilize the contracts and pricing systems currently in place with other local government entities, the total cost savings on certain products and services, and how many cooperative purchasing agreements will be formed, a precise fiscal impact is difficult to determine. However, any such fiscal impact resulting from this bill will be a recurring decrease in local government expenditures, which is reasonably estimated to exceed \$5,000 per year statewide.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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